

Message Text

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E.O. 11652: N/A
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SUBJECT: UNIONS TO ASK FOR 15 PERCENT WAGE INCREASE IN 1977

1. BATTLE LINES FOR 1977 WAGE NEGOTIATIONS--THE ANNUAL
"SPRING LABOR STRUGGLE"--WERE CLEARLY DRAWN THIS WEEK WHEN ALL
MAJOR LABOR FEDERATIONS REASSERTED THEIR INTENTION OF
DEMANDING APPROXIMATELY 15 PERCENT ANNUAL INCREASE AND
FEDERATION OF EMPLOYERS ASSOCIATIONS (NIKKEIREN) IMMEDIATELY
RESPONDED WITH RECOMMENDATION TO ITS MEMBERS THAT ANY BOOSTS
SHOULD BE LIMITED TO INCREASE IN REAL GNP DURING 1976 (EXPECTED
TOOBE 5-6 PERCENT). UNION DEMANDS, WHICH INCLUDE ANNUAL
2 PERCENT AUTOMATIC STEP INCREASE, WOULD AWARD "AVERAGE"
30 YEAR OLD WORKER MONTHLY WAGE BOOST OF APPROXIMATELY
YEN 21,000 (\$70).
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2. MODERATE PRIVATE SECTOR UNIONS GROUPED IN DOMEI AND
JAPAN METAL WORKERS' COUNCIL (IMF-JC) STRESS THAT
THEY ARE IN REALITY ASKING ONLY FOR 13 PERCENT, SINCE STEP
INCREASES WOULD BE GRANTED UNILATERALLY BY MANAGEMENT
IN ANY CASE, AND INSIST THAT 13 PERCENT IS ABSOLUTE MINIMUM

ACCEPTABLE TO THEIR MEMBERSHIP IN VIEW OF EXPECTED 9 PERCENT CONSUMER PRICE RISE IN FY76. IMF-JC HINTING, HOWEVER, THAT IF GOJ ANNOUNCES TAX CUT EARLY IN NEW YEAR, ITS MEMBER UNIONS MIGHT SCALE DOWN THEIR DEMANDS ACCORDINGLY.

3. NIKKEIREN ARGUES THAT WITH ECONOMIC STAGNATION CONTINUING AND FULL-FLEDGED ECONOMIC RECOVERY NOT IN SIGHT, RATE OF BANKRUPTCIES REACHING EXTRAORDINARILY HIGH LEVELS FOR JAPAN AND ONE MILLION WORKERS (APPROXIMATELY 2 PERCENT OF LABOR FORCE) STILL UNEMPLOYED, MANAGEMENT MUST RESIST PRESSURES FOR WAGE INCREASE FURTHER THAN

GROWTH IN REAL GNP.

4. MOST NOTABLE FEATURE OF FIRST ROUND OF 1977 "WAGE STRUGGLE" IS UNPRECEDENTED MODERATION DISPLAYED BY NORMALLY MILITANT SOHYO UNIONS. UNDER NEW, ELEXIBLE LEADERSHIP OF SECGEN TOMIZUKA, SOHYO HAS DECLARED IT IS LIMITING EVEN ITS INITIAL WAGE REQUEST TO WHAT IT CAN "REASONABLY EXPECT" MANAGEMENT TO GRANT. RESULT IS THAT FOR FIRST TIME IN ALMOST 20 YEARS SOHYO AND DOMEI WAGE DEMANDS COINCIDE. HOWEVER, GIVEN IDEOLOGICAL DIFFERENCES AND POLITICAL RIVALRY BETWEEN THE TWO NATIONAL CENTERS, THERE IS VIRTUALLY NO PROSPECT OF THEIR CONDUCTING A JOINT NEGOTIATING CAMPAIGN.

HODGSON

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